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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

26 August 1980

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : Deputy Director for National Foreign Assessment
National Intelligence Officer for Warning

FROM : John H. Holdridge
National Intelligence Officer for East Asia

SUBJECT : Warning Assessment: East Asia

The following items were discussed by the Community Representatives at the 20 August Warning Meeting.

China

1. According to analysts, it was now confirmed that the five top Party leaders would resign their Government posts at the upcoming National Peoples Congress session. In addition, reports had been received that a number of senior economic planners would resign, indicating a major shakeup in economic policy is under way. Analysts had noted apparent efforts by Hua Guofeng to assert influence within the military (Hua as Party Chairman would retain his chairmanship of the Military Affairs Commission) but noted that Hua's influence would be limited due to the recent appointment of Deng Xiaoping supporters to senior military positions. Analysts discounted rumors to a "coup d'etat" effort in China involving personalities such as Fang Yi and Xu Shi You. 25X1

2. In commenting on Chinese reactions to Ronald Reagan's statements regarding the Taiwan question, analysts believed that the hard Chinese line concerning official US relations with Taiwan was based on principle, and that they would not back down. 25X1

3. On Sino-Soviet relations, attention was called to an authoritative speech by a Vice President of the Chinese Academy of Social Sciences to the effect that the Soviets were no longer to be considered revisionists. This was the stand on which a journal in Heilungjiang had been closed earlier this year. However, no one believed that improved Sino-Soviet

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relations could be anticipated despite this higher-level view of the USSR -- China's differences with the Soviets had many other deep-seated causes. [redacted] 25X1

4. No change had been noted in the respective forces along the Sino-Soviet border. [redacted] the Chinese were aware that quantitative and qualitative Soviet force improvements were being made, but not yet of a level requiring a Chinese response. [redacted] 25X1 25X1

5. [redacted] the Chinese had "hit" the Vietnamese hard sometime in early August. This evidently coincided with a period of increased anti-Chinese propaganda between 3 and 10 August. Analysts doubted, however, that a "second lesson" was in store, or that China intended to launch anything more than low-level attacks against the Vietnamese. They noted, though, that China evidently was attempting through arms aid to anti-Vietnamese Montagnard groups to create more trouble for Hanoi behind its lines. [redacted] 25X1 25X1

Korea

6. No signs of opposition had been noted to General Chun Du Hwan's ascendency and Chun now appeared firmly entrenched. It was speculated that the first sign of popular reaction against him, if any, would be at the time of the referendum on the new constitution in October. In view of the shortage of lead time Chun had possibly decided to rely on the DRP as his vehicle to attain the Presidency in 1981, which could involve soliciting Kim Chong Pil's cooperation. [redacted] 25X1

7. It was suggested that the ROK Generals were watching the US closely to see our reaction to Chon's moves, but would do what they thought was necessary regardless. Joint military planning such as the SCM was in limbo but could be picked up on a reduced scale as circumstances appeared to warrant. [redacted] 25X1

8. The ROK's economic situation was described as being in a downturn and likely to stay that way. Problems could be anticipated if the authorities attempted to cut back recently-won workers' salaries to make Korean exports more competitive. [redacted] 25X1

9. On North Korea, analysts spoke of main features emerging from Congressman Solarz's conversation with Kim Il Sung: Kim's stress on reunification, similar stress on US troop withdrawal, and willingness to lie in claiming a Northern troop strength of 375,000 men. Despite the blatancy of Kim's claims on troop strength, the newsmen accompanying Solarz had picked this figure up and had given it wide play. [redacted] 25X1

10. North Korean order of battle along the DMZ remained unchanged. [redacted] 25X1 25X1

[redacted]

[redacted] 25X1

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Japan

11. Analysts commented on Prime Minister Suzuki's stance on improving relations with the USSR, saying that while Suzuki would like such an improvement he believed it was up to the Soviets to take the first step. Meanwhile, Suzuki would continue the policies of previous governments regarding close relations with the US and support for the Security Treaty. There was increasing acceptance in Japan of the concept that it must do more in the defense field. [ ] 25X1

Indonesia

12. Analysts regarded the current differences between the US and Indonesia as very serious. It was pointed out that several years ago a US-Indonesian Binational Conference had been set up to meet twice yearly on ways to avoid just such differences, but had for some time failed to convene. We had also poured cold water on a feeler from [ ] to 25X1 visit the US to discuss an improvement in relations. The Indonesians were now behaving in a very nationalistic way. Suharto was controlling the situation so far, but it could get much worse if opposition elements seized upon it to embarrass the government. [ ] 25X1

Philippines

13. Deterioration of security in the Philippines was not viewed as an issue which was imminent; analysts believed, however, that it should be flagged as something requiring attention. Aquino had made an emotional anti-Marcos speech at the National Press Club and would probably do the same before the Asia Society, but it seemed doubtful that he could really lead the anti-Marcos elements. But the spread between rich and poor was increasing, and the question which needed to be faced at some point was "after Marcos, what?" [ ] 25X1

Indochina

14. [ ] 25X1 25X1

[ ] some analysts believed it likely that the VN forces would attack DK 25X1 concentrations if good intelligence could be obtained regardless of political consequences. Other analysts felt that the impending UN vote on Kampuchean seating might inhibit the Vietnamese. [ ] 25X1

15. No major DK attacks had yet occurred, but DK guerrilla operations had forced the Vietnamese to string out their troops along roads and railroads. Reports indicated a possible DK effort to make a show of attacking Phnom Penh, but DK capabilities as yet did not appear sufficient for such an objective. Although the DK forces appeared well armed, no new Chinese ship arrivals had occurred.

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Both DK and VN troops were suffering from malaria and other diseases, and the DK had admitted that thirty percent of their total strength was out of action as a result. For the first time the DK had admitted it had a public relations problem with the Kampuchean people over atrocities committed in the past. [redacted] 25X1

16. In Laos the LPDR appeared to be acutely concerned about a possible threat along the Thai-Lao border from rebel units based in Thailand. These units were better organized than was the case a year ago. The situation along the Lao-Chinese border appeared comparatively quiet. [redacted] 25X1

17. Addressing reports that Soviet shipments to VN had been reduced, analysts pointed out that the Soviet aid flow was cyclical in nature and could, in fact, be down somewhat at the present time. In addition, VN had already received considerable Soviet military assistance and might now be in process of absorbing the aid already on hand. [redacted] 25X1 25X1 25X1

John H. Holdridge

[redacted]

[redacted] 25X1 25X1

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